

Message Text

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PAGE 01 TOKYO 12208 131440Z

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DEPARTMENT OF COMMERCE

UNCLAS TOKYO 12208

E.O. 11652: N/A

TAGS: ECON, EQIP, JA

SUBJECT: JAPANESE POLLUTION CONTROL EQUIPMENT EXPORTS

1. SUMMARY. A RECENT SURVEY BY THE NIHON KEIZAI SHIMBUN INDICATES THAT JAPANESE POLLUTION CONTROL EQUIPMENT MANUFACTURERS ARE CONFIDENT IN THEIR TECHNOLOGY AND IN THEIR MARKET COMPETITIVENESS. IN RESPONSE TO RECENT FAILURES IN INTERNATIONAL BIDDING FOR POLLUTION CONTROL HARDWARE AND SOFTWARE EXPORTS, JAPANESE FIRMS ARE REVAMPING THEIR EXPORT STRATEGIES WITH AN EYE TO DOUBLING OR TREBLING THEIR RATES OF EXPORT SALES TO TOTAL SALES. OF THE 40 FIRMS RESPONDING TO THE SURVEY, 13 SAW NORTH AMERICA AS A PROMISING EXPORT MARKET. IN THE JANUARY, 1975 THROUGH JUNE, 1976 PERIOD THESE 40 JAPANESE FIRMS CONCLUDED 12 MAJOR HARDWARE EXPORT CONTRACTS FOR 15,172 MILLION YEN, AND 5 SOFTWARE EXPORT CASES (NO YEN VALUE GIVEN), END SUMMARY.

2. THE RESULTS OF A SURVEY CONDUCTED BY THE NIHON KEIZAI SHIMBUN HAVE RECENTLY BEEN PUBLISHED IN THE ENGLISH LANGUAGE "JAPAN ECONOMIC JOURNAL" AND JAPANESE LANGUAGE "NIKKEI SANGYO SHIMBUN" (BOTH OWNED BY THE NIHON KEIZAI SHIMBUN COMPANY) THE SURVEY INDICATES THAT JAPANESE POLLUTION CONTROL EQUIPMENT MANUFACTURERS WILL BE CONCENTRATING ON IMPROVING THEIR EXPORT SALES OVER THE NEXT FIVE YEARS. MOST FIRMS RESPONDING TO THE QUESTIONNAIRE INDICATED THEY WILL AIM AT EXPANDING EXPORT SALES FROM THE PRESENT RATE OF ABOUT 10 PERCENT OF TOTAL SALES TO 20 TO 30 PERCENT OF

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12208 131440Z

TOTAL SALES OVER THE NEXT THREE TO FIVE YEARS. EXCEPTIONS TO

THIS INCREASED EXPORT DRIVE STRATEGY ARE HITACHI PLANT ENGINEERING AND CONSTRUCTION WHICH LAST YEAR ALREADY ATTAINED AN EXPORT RATIO OF 24 PERCENT, MITSUBISHI KAKOKI WHICH ATTAINED AN EXPORT RATIO OF 20 PERCENT, AND YOSHIMINE BOILER INDUSTRY COMPANY WHICH HAD AN 18 PERCENT EXPORT RATIO.

3. JAPANESE FIRMS REPORTEDLY BELIEVE WH RECENT DEFEATS IN INTERNATIONAL BIDDINGS WERE DUE TO THEIR HIGHER COSTS AND FAILURE TO MEET FULLY THEIR POTENTIAL CUSTOMERS' DEMANDS. THEY ALSO BELIEVE THEIR JAPANESE TECHNOLOGY IS COMPETITIVE WITH FOREIGN TECHNOLOGY (26 OF 40 RESPONDENTS SAID THEIR TECHNOLOGY WAS SUPERIOR TO THAT OF FOREIGN COMPETITORS). THEREFORE, EXPORT STRATEGIES WILL CONCENTRATE ON BECOMING MORE KNOWLEDGEABLE ABOUT IMPORTING NATION'S POLLUTION CONTROL REGULATIONS, ON DEVELOPING EQUIPMENT WHICH WILL MORE DIRECTLY MEET CUSTOMERS' NEEDS, ON REDUCING PRODUCTION COSTS, AND ON SECURING SOME PARTS FOR THEIR EQUIPMENT IN IMPORTING NATIONS.

4. ACCORDING TO THE SURVEY, 24 OF THE 40 RESPONDING COMPANIES CONCLUDED A TOTAL OF 84 EXPORT CONTRACTS (EITHER EQUIPMENT OR RELATED TECHNOLOGY) DURING THE 18-MONTH PERIOD FROM JANUARY, 1975 THROUGH JUNE, 1976. FQZNOTE: MAJOR EXPORT CONTRACTS SHOWN BELOW, PARA.7). OF THESE TOTAL 84 CONTRACTS, 50 WERE EXPORTS OF WATER TREATMENT FACILITIES, 25 WERE EXPORTS OF AIR POLLUTION PREVENTION EQUIPMENT, AND 9 WERE IN OTHER CATEGORIES. BY DESTINATION, 36 EXPORT CONTRACTS WERE TO SOUTHEAST ASIA (INCLUDING REPUBLIC OF KOREA AND TAIWAN), 17 EXPORT CONTRACTS WERE TO THE U.S. AND EUROPE, 9 EXPORT CONTRACTS WERE TO ARAB OIL PRODUCING COUNTRIES, 9 EXPORT CONTRACTS WERE TO LATIN AMERICA, AND 13 WERE TO OTHER AREAS.

5. OF THE TOTAL 40 RESPONDENTS, 16 HAVE A SEPARATE EXPORT DIVISION WITHIN THE COMPANY AND ONE MORE WILL SOON ESTABLISH AN EXPORT DIVISION. SIX COMPANIES HAVE OVERSEAS PRODUCTION FACILITIES (IN 11 LOCATIONS), WHILE 7 FIRMS HAVE MARKETING BRANCHES OVERSEAS (IN 18 LOCATIONS) AND 4 OTHER COMPANIES ARE SCHEDULED TO OPEN OVERSEAS MARKETING OFFICES SOON. THE MOST PROMISING MARKET IN THE OPINION OF 23 FIRMS WAS SOUTHEAST ASIA (INCLUDING REPUBLIC OF KOREA AND TAIWAN), WHILE 13 CHOSE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 12208 131440Z

HE NEAR AND MIDDLE AST, 13 SELECTED EUROPE, 13 NORTH AMERICA, 12 LATIN AMERICA, 5 THE USSR AND EASTERN EUROPE, AND 4 PICKED AFRICA.

6. AS FAR AS EXPORT STRATEGY IS CONCERNED, 13 COMPANIES SAID THEY PLACE EMPHASIS ON EXPORTING HARDWARE, 6 SAID THEY STRESSED SOFTWARE AND 18 SAID THEY EMPHASIZED BOTH. HARDWARE ORIENTED COMPANIES SAID THEY WERE EYEING DEVELOPING NATIONS

AS THE MOST PROMISING MARKET, WHILE SOFTWARE EXPORTERS SAID THEY WERE AIMING AT INDUSTRIALIZED NATIONS. HARDWARE ORIENTED COMPANIES INCLUDED EBARA-INFILCO, JAPAN GASOLINE, TOYO ENGINEERING, HITACHI PLANT ENGINEERING AND CONSTRUCTION, AND IHI. SOFTWARE ORIENTED FIRMS INCLUDED MITSUI MIIKE MACHINERY, KOBE STEEL, ISHIGAKI MECHANICAL INDUSTRY, DOKI SHOKO, NIPPON KOKAN, AND MITSUBISHI KAKOKI KAISHA.

7. THE FOLLOWING ARE THE MAJOR EXPORT CONTRACTS (300 MILLION YEN OR ABOVE) FOR THE JANUARY 1975/JUNE - 1976 PERIOD. CONTRACTS ARE FOR HARDWARE EXCEPT AS OTHERWISE NOTED (LAST 5 LISTED). NO YEN AMOUNTS WERE AVAILABLE FOR SOFTWARE CONTRACTS. YEN AMOUNTS FOR HARDWARE CONTRACTS ARE GIVEN IN MILLIONS OF YEN. DATA IS LISTED AS "A" (TYPE OF EQUIPMENT OR SOFTWARE), "B" (YEN VALUE IN MILLION OF YEN), "C" (JAPANESE EXPORTING FIRM), AND "D" (IMPORTING COUNTRY). CONTRACT LIST BEGINS.

A. FEED-WATER AND WASTE WATER TREATMENT B. 4,107
C. HITACHI PLANT ENGINEERING & CONSTRUCTION D. TAIWAN ////
A. WASTE WATER TREATMENT B. 2,100 C. EBARA-INFILCO
D. TURKEY //// A. WASTE WATER TREATMENT B. 2,000
C. MITSUBISHI HEAVY INDUSTRIES D. IRAQ //// A. WASTE
OIL TREATMENT B. 1,800 C. MITSUBISHI KAKOKI D. SINGAPORE
//// A. DUST COLLECTORS B. 1,750 C. MITSUBISHI HEAVY
INDUSTRIES D. HONG KONG & OTHER SOUTHEAST ASIAN COUNTRIES ////
A. GLASS BAGS B. 950 C. KOYO IRON WORKS & CONSTRUCTION
D. SOUTH AFRICA AND REP. OF KOREA //// A. SEWAGE TREATMENT
B. 550 C. EBARA-INFILCO D. IRAN //// A. WATER
PURIFICATION B. 500 C. EBARA-INFILCO D. PHILIPPINES,
THAILAND, INDONESIA, PAKISTAN /// A. SULPHUR RECOVERING B. 400
C. MITSUBISHI KAKOKI D. SOUTH AFRICA //// A. GARBAGE
TREATMENT B. 385 C. TEZUKA KOSAN D. BELGIUM ////
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PAGE 04 TOKYO 12208 131440Z

A. CENTRIFUGAL SEPARATING B. 320 C. ISHIKAWAJIMA-HARIMA
HEAVY INDUSTRIES D. US.S.A. //// A. DESULPHURIZATION
B. 310 C. CHIYODA CHEMICAL ENGINEERING & CONSTRUCTION
D. SOUTH AFRICA //// A. BEER WASTE WATER TREATMENT
(SOFTWARE) C. SUMITOMO JUKIKAI ENVIROTECH D. USA ////
A. ELECTRIC DUST COLLECTION (SOFTWARE) C. TOYO
ENGINEERING D. REP. OF KOREA //// A. FLUE-GAS
DESULPHURIZATION (SOFTWARE) C. MITSUI MIIKE MACHINERY
D. USA //// A. FLUE-GAS DESULPHURIZATION (SOFTWARE)
C. MITSUBISHI KAKOKI D. USA //// A. FLUE-GAS
DESULPHURIZATION (SOFTWARE) C. MITSUBISHI HEAVY INDUSTRIES
D. WEST GERMANY

8. MAJOR EXPORT CONTRACTS TOTAL 12 HARDWARE, 5 SOFTWARE.
TOTAL HARDWARE EYN AMOUNT, 15,172 MILLION.

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